



THE CITY OF SAN DIEGO  
**MANAGER'S REPORT**

DATE ISSUED: August 12, 2004 REPORT NO. 04-190

ATTENTION: Honorable Mayor and City Council

SUBJECT: Extension of Emergency Medical Services (EMS) Agreements

REFERENCE: City Manager's Report #04-153, dated July 9, 2004

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE COMMITTEE OR THE CITY COUNCIL.

BACKGROUND

On July 14, 2004 the Public Safety and Neighborhood Services (PS&NS) Committee considered the issue of the Extension of the EMS Agreements. At this meeting an update was provided by the EMS Program Manager regarding the status of the current agreements with the EMS medical transportation provider, San Diego Medical Services Enterprise (SDMSE), LLC. This update included financial information relating to profit generated during the term of the current three year agreement, as well as since the inception of the contract. At the conclusion of the meeting, the City Manager was authorized to negotiate with SDMSE and return to the Committee with the terms of a contract extension for consideration prior to the September 30, 2004 deadline as required by the current EMS Agreements.

DISCUSSION

On August 6, 2004, the City of San Diego's EMS Program received notification from Rural/Metro Corporation that a required adjustment had been identified related to SDMSE Fiscal Year 2003 revenues. Specifically, the revenue and profit amounts previously reported for Fiscal Year 2003 were overstated due to an understatement of the

allowance for contractual and doubtful accounts. Based on the result of a recent audit, a \$1.0 million negative adjustment will be recorded in Fiscal Year 2004. The following table provides a comparison of the profit information previously submitted along with revised figures.

### SDSME PROFIT

Fiscal Year	Profit		Revised Profit		Total Distributed	City Profit Received
1998	2,817,342		2,817,342		2,817,342	1,408,671
1999	1,725,950		1,725,950		1,725,950	862,975
2000	2,302,108		2,302,108		2,302,108	1,151,054
2001	1,560,682		1,560,682		1,560,682	780,342
2002	1,490,288		1,490,288		520,000	260,000
2003	3,023,362		3,023,362		-	-
2004	325,000 *		(970,704) *		-	-
2005	1,273,726 *		1,273,726 *		-	-

\*Estimate

Note: Per Rural/Metro, FY 05 profit information is not affected by the FY 04 adjustment.

In light of this new information, in accordance with Section 15.7.1 of the Second Amended and Restated Emergency Medical Services Agreement between the City of San Diego and San Diego Medical Services Enterprise, LLC, the City of San Diego will exercise its right to audit the financial records of SDMSE

Respectfully submitted,

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Emergency Medical Services Program

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Approved: Patricia T. Frazier  
Deputy City Manager  
Financial and Management Services

GOLDSMITH/DG